



# Loftus Peak Global Change Portfolio

Global Change. Listed Investments. Daily Liquidity.

Monthly Investor Letter  
January 2017

The Loftus Peak Global Change Portfolio invests in listed disruptive businesses globally. The portfolio provides geographical and sectoral diversification which lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

## Review & Outlook

The Fund manager estimated return gross\* of fees was +0.06% for January 2017, which was 2.11% above the benchmark (MSCI AC World Net Total Return Index in Australian dollars). The benchmark returned -2.06% for the month.

The Trump bump started to unwind, as investors correctly questioned the ability of the president – any president – to re-invigorate industries, including banking, energy and transport, which are the subject of global disruption. The simple truth is that no company will stake a billion dollar factory in a sunset industry on the basis of political fiat because when the decision changes, the write-off will follow.

The Australian dollar was a major negative for us this month, appreciating by +4.85%, thus the portfolio did well just to counter this adverse movement.

## Performance\*

	1m	3m	6m	1y	2y p.a.	Inception p.a.
Portfolio (gross-of-fees)	+0.06%	+6.48%	+12.10%	+20.86%	+13.11%	+18.82%
Index	-2.06%	+6.28%	+5.18%	+10.29%	+6.17%	+11.39%
Alpha (gross-of-fees)	+2.11%	+0.20%	+6.92%	+10.56%	+6.94%	+7.43%
Portfolio (net-of-fees)	-0.05%	+5.90%	+11.12%	+19.01%	+10.97%	+16.47%

## Portfolio Contributors and Detractors

Our best performers were Alibaba, Amazon and Comcast. Amazon is gaining ground most likely because it is showing so much promise in the US as the Alexa/Echo in-home voice assistant is growing so fast. The product/service is not available outside the US but will be eventually. It's

\*Manager estimated returns. The Portfolio Benchmark is the MSCI ACWI (net) (as expressed in AUD from Bloomberg). Portfolio Inception date is 30/06/14. All returns are shown to two decimal places. Returns for the periods more than one year are annualised. Total returns include realised and unrealised gains. Valuations are computed and performance reported in Australian dollars. Gross-of-fees performance returns are presented before management and performance fees but after all trading expenses. Net-of-fees performance returns are presented after management and performance fees. Returns are based on the theoretical performance of a portfolio which implemented the Model Portfolio based on simplifying assumptions and stock weightings. Actual individual returns of each client's portfolio will differ depending on factors such as date of initial investment, timing of transactions, contributions and withdrawals, fees and any customisations. Past performance is not a reliable indicator of future performance and may not be achieved in the future. Each client should also take into account their own taxation situations. All information provided in this Report is correct as at the date of this Report.

## Key Facts

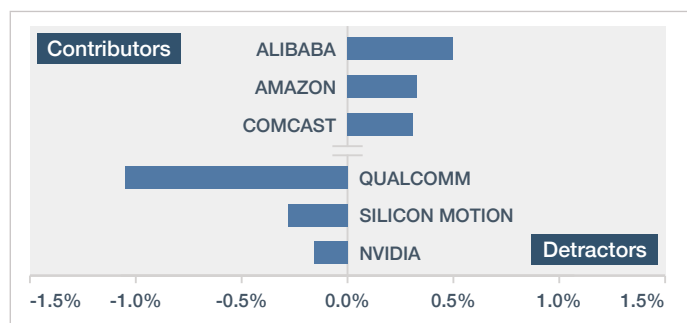
Inception Date	30 June 2014
Product Type	Managed Discretionary Account
Product Sponsor	Mason Stevens Ltd
Benchmark	MSCI ACWI (net) (as expressed in AUD from Bloomberg)
Number of Investments	10-30
Minimum Cash Allocation	1%
Maximum Cash Allocation	50%
Maximum weighting per investment	20% at time of purchase
Minimum Investment	AU\$50,000
Liquidity	Daily
Suggested Timeframe	3-5 years

## Fees

Annual Management Cost	1.00% per annum (inc. GST) calculated daily and charged monthly in arrears
Performance Fee	15% of excess returns over the benchmark return
Transaction cost	0.55% of the value of the transaction

a voice-activated speaker and microphone system that backs straight into search, allowing users to order groceries, book movie tickets and the like by just asking. The very engaging advertisement, with Alec Baldwin, is [here](#).

Alibaba bounced too, effectively wiping out last month's underperformance, while Comcast has been doing well because it is being perceived that the company has the components to make the winning bundle. By this we mean that it has a major studio (Universal) in its asset portfolio, with which to bundle its connectivity assets, with the possibility of a Netflix competitor and mobile carrier as emerging viable businesses.



## Portfolio Construction

94% of the Portfolio is invested in 21 holdings which the manager considers likely outperformers.

Top Five Holdings	
Apple	12.6%
Comcast	7.9%
Baidu	7.6%
Amazon	7.4%
Alphabet	7.0%

## Learn more

For the latest on investment in global change and disruption, see us in the Australian Financial Review, the ConstantInvestor, or the Sydney Morning Herald, or on [Livewire](#) or visit us at [www.loftuspeak.com.au](http://www.loftuspeak.com.au) or email [alexpollak@loftuspeak.com.au](mailto:alexpollak@loftuspeak.com.au)

### IMPORTANT INFORMATION

This report was prepared by Loftus Peak Pty Ltd.

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Loftus Peak doesn't guarantee the performance of the portfolio or the repayment of the investor's capital. To the extent permitted by law, Loftus Peak, including its employees, consultants, advisers, officers or authorised representatives, is not liable for any loss or damage arising as a result of reliance placed on the contents of this report. Past performance is not indicative of future performance.

## About Loftus Peak

Loftus Peak is a global fund manager with a focus on investing in listed disruptive businesses. Our team's extensive experience of successfully investing in disruptive businesses brings significant discipline to the investment process.

The Fund, which includes large capitalisation names like Apple, Google and Alibaba, is constructed on the basis of strict criteria, giving investors exposure to the some of the best and fastest-growing companies in the world, at carefully determined valuations. This kind of geographical and sectoral diversification lowers the concentration risk inherent in the typical Australian portfolio, with its heavy skew toward banks, resources and the Australian dollar.

We believe self-managed super funds, and investors generally, want a professionally-managed portfolio that gives them access to these important secular trends.

## The Team

The portfolio is managed by Alex Pollak and Anshu Sharma.



### Alex Pollak: CEO, CIO and Founder

With 25 years experience in disruptive business models gained during a career with Macquarie Bank, Alex heads one of the best-performing teams in global listed disruptive business investment in Australia.

He was instrumental in bringing both Seek and Carsales.com.au to the Australian stock market. His deep knowledge of investment and global change companies means you are ideally placed to benefit financially from the movements in technology which are daily changing the face of markets.



### Anshu Sharma: Portfolio Manager

Anshu started his career in global disruption investment almost a decade ago at TechInvest. This was followed by Portfolio Manager and TMT Analyst responsibilities for the Asia region at Eight Investment Partners.

Being mentored by the best in this space early on in his career and having extensively travelled in Asia to meet hundreds of companies, Anshu brings a wealth of experience to investing globally.

He has an M.Comm from the University of New South Wales and a B.Comm (Hons) from Delhi University. He holds the CIPM® certificate and the Chartered Financial Analyst® designation.